

In Re: Case No.: 19-13273 (VFP)
IMMUNE PHARMACEUTICALS, INC., ET AL., Chapter:
7
Judge: Papalia

NOTICE OF PROPOSED COMPROMISE or SETTLEMENT OF CONTROVERSY

Jeffrey A. Lester, Chapter 7 Trustee (the “Trustee”), in this case proposes a compromise, or to settle a claim and/or action as described below. If you object to the settlement or compromise, you must file a written objection with the Clerk of the United States Bankruptcy Court, and serve it on the person named below not later 7 days before the hearing date.

Address of the Clerk: Martin Luther King, Jr. Federal Building
50 Walnut Street, Third Floor
Newark, New Jersey 07102

If an objection is filed, a hearing will be held before the Honorable Vincent F. Papalia on October 20, 2020 at 10:00 a.m. at the United States Bankruptcy Court, courtroom no. 3B, (hearing to be scheduled for at least 28 days from the date of the filing of the notice). If no objection is filed the clerk will enter a *Certification of No Objection* and the settlement may be completed as proposed.

Nature of action: On July 1, 2019, the Chapter 11 Debtors and the Official Committee of Unsecured Creditors (the “Committee”) of Immune Pharmaceuticals, Inc. et al. filed an adversary proceeding against Discover Growth Fund, LLC (“Discover”), Adv. Pro. No. 19-02033 (the “Adversary Proceeding”), asserting certain affirmative claims against Discover and seeking to reduce and subordinate Discover’s claim against the Debtors (the “Complaint”). On April 2, 2020, the Court entered an order converting the Debtors’ cases to Chapter 7. On April 3, 2020, the Trustee was appointed as Chapter 7 Trustee in the Debtors’ cases and continues to serve as Trustee herein. On June 25, 2020, the Trustee was substituted in as plaintiff in the Adversary Proceeding. On July 3, 2020, Discover served the Trustee and his counsel with a motion pursuant to Fed.R.Bankr.P. 9011 demanding that the Trustee dismiss certain counts of the Complaint that were asserted by the Debtors and the Committee prior to conversion (the “9011 Motion”).

Pertinent terms of settlement:

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In order to resolve the 9011 Motion, the Trustee agrees to file an Amended Complaint in the Adversary Proceeding dismissing certain counts of the Complaint and modifying certain factual allegations contained therein. A copy of the proposed Amended Complaint is attached as an exhibit to a Consent Order entered by the Court on September 15, 2020 [Adv. Pro. Dkt. No. 70]. In exchange for the filing of the Amended Complaint in the Adversary Proceeding, Discover agrees to withdraw the 9011 Motion with prejudice. In addition, Discover agrees that any right of Discover to seek attorneys' fees for allegations and/or claims asserted in the Complaint and/or Amended Complaint against the Trustee or his counsel shall not be based on sanctions, including, without limitation, sanctions based upon Fed.R.Bankr.P. 9011, Fed.R.Civ.P. 11, 28 U.S.C. § 1927, the Court's inherent powers, and § 105(a) of the United States Bankruptcy Code (the "Remedy"). Finally, Discover agrees that it shall not seek recovery of the Remedy from the Trustee, his counsel or the Bankruptcy Estates in any case, action, proceeding, or matter, including the Debtors' main Chapter 7 cases (the "Main Cases") or in any other adversary proceeding or contested matter that arise in the Main Cases. Although, the Trustee believes that there is a good faith basis in law and fact for prosecution of the Complaint, such settlement is in the best interest of the Bankruptcy Estates because it avoids the costs and risks of litigation that would be incurred in defending the 9019 Motion and streamlines the issues to be determined in the Adversary Proceeding while retaining the essential and meritorious claims against Discover.

Objections must be served on, and requests for additional information directed to:

Name: Jonathan I. Rabinowitz, Esq.

Address: Rabinowitz Lubetkin & Tully LLC, 203 Eisenhower Parkway, Suite 100, Livingston,
New Jersey 07039

Telephone No.: (973) 597-9100